

Message Text

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PAGE 01 ROME 12765 061059Z

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 OES-06 ERDA-05 NRC-05 FEA-01

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 SAM-01 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

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C O N F I D E N T I A L ROME 12765

E.O. 11652: GDS

TAGS: ENRG, IT

SUBJECT: US-ITALY ENERGY WORKING GROUP (EWG): MIGLIUOLO
DISCUSSES NEXT MEETING AND INTERIM ERDA RESPONSE

REF: (A) STATE 182672, (B) STATE 183555, (C) ROME 9924
(D) ROME 11268

SUMMARY: IN STRONGLY-WORDED AUGUST 2 PRESENTATION AND AGAINST
BACKGROUND OF GOI PERCEPTIONS OF VALUE OF OIL CONSUMER CO-
OPERATION, MINISTRY OF FOREIGN AFFAIRS (MFA) ENERGY COORDI-
NATOR MIGLIUOLO OUTLINED GOI RATIONALE FOR SEPTEMBER 9 EWG
PLENARY MEETING (REF A) AND RESPONDED TO ERDA POSITION ON
REPROCESSING (REF B). RE LATTER, MIGLIUOLO CHARACTERIZED
ERDA OFFER AS QTE UNACCEPTABLE UNQTE IN VIEW OF USG COMMIT-
MENTS TO TECHNOLOGY TRANSFER AND ASKED FOR CLARIFICATION OF
ERDA POSITION. END SUMMARY.

1. MFA REP MIGLIUOLO CALLED IN EMBOFF AUGUST 2 TO REVIEW
EWG MEETING REQUEST AND ERDA POSITION IN CONTEXT CURRENT GOI
PERCEPTIONS OF PROGRESS IN OIL-CONSUMING COUNTRY COOPERATION.
MIGLIUOLO EXPRESSED DEEP DISAPPOINTMENT THAT INTERNATIONAL
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 12765 061059Z

ENERGY AGENCY (IEA) HAD NOT RPT NOT PRODUCED ANY TANGIBLE

BENEFITS FOR ITALY; PARTICULARLY, FOR THE REALIZATION OF THE ITALIAN NUCLEAR PROGRAM. MIGLIUOLO ASSERTED THAT THE PROGRAM REPRESENTED ITALY'S ONLY CHANCE TO REDUCE ITS RELIANCE ON OPEC PETROLEUM. MIGLIUOLO RECALLED THAT SERIOUSNESS OF GOI SITUATION HAD LED TO EXPLORATION OF ALL POSSIBLE AVENUES, INCLUDING GOI PROPOSAL FOR CREATION OF US-ITALY BILATERAL ENERGY WORKING GROUP. DESPITE HIS PERSONAL HOPES THAT THE EWG WOULD DEMONSTRATE VALUE OF OIL-CONSUMING COUNTRY COOPERATION, MIGLIUOLO EMPHASIZED THAT OTHER ITALIAN EWG PARTICIPANTS WERE EXTREMELY DISCONTENTED WITH US FORTHCOMINGNESS SO FAR AND FORESAW LITTLE POSSIBILITY THAT ITALY WOULD RECEIVE ANY BENEFIT THROUGH EWG MECHANISM. LATEST GOI DISAPPOINTMENT WAS CIEC DIALOGUE. ACCORDING MIGLIUOLO, CIEC PROMISED NO RELIEF FOR ITALIAN SITUATION SINCE ORIGINAL GOALS OF PRICE MODERATION AND SUPPLY SECURITY HAD BEEN APPARENTLY ABANDONED.

2. AGAINST THIS BACKGROUND, MIGLIUOLO ASKED RECONSIDERATION OF US POSITION TOWARDS DATE OF EWG PLENARY MEETING (REF A, TRANSMITTED BY EMBASSY LETTER JULY 27, 1976). MIGLIUOLO NOTED THAT LAST PLENARY MEETING HAD BEEN IN EARLY SEPTEMBER, 1975, AND THAT SCHEDULING MEETING ON ANNIVERSARY WOULD BE AN IMPORTANT FACTOR IN REAFFIRMING CONTINUING USG WILLINGNESS TO COLLABORATE BILATERALLY WITH GOI. MIGLIUOLO ASSERTED IMPORTANCE OF MEETING ANNIVERSARY OUTWEIGHED CONSIDERATIONS OF ATTENDANCE. (EMBOFF HAD EXPLAINED THAT DELAY WAS DUE LARGELY TO PERMIT ATTENDANCE OF KEY US FIGURES.) RE AGENDA, MIGLIUOLO DECLINED TO OFFER SPECIFIC POINTS INDICATING THAT MEETING WOULD GENERALLY REVIEW FUTURE OF BILATERAL AND MULTILATERAL ENERGY COOPERATION. (COMMENT: EMBASSY WOULD EXPECT ITALIAN PRESENTATION AT EWG PLENARY TO EMPHASIZE TECHNOLOGY TRANSFER AND CONCRETE ASSISTANCE TO ITALIAN NUCLEAR PLAN. RE FINANCING ISSUE, MIGLIUOLO ACKNOWLEDGED THAT FURTHER GOI WORK NEEDED TO BE DONE BUT ASKED THAT IF USG APPARENTLY COULD FINANCE REACTORS FOR BOTH ISRAEL AND EGYPT (PRESUMABLY BY INCLUDING LOCAL COSTS), WHY NOT FOR ITALY? END COMMENT.)

3. MIGLIUOLO TERMED ERDA POSITION TRANSMITTED REF B, PARA 2 ON REPROCESSING (TRANSMITTED VIA AIDE MEMOIRE JULY 27, 1976) AS QTE UNACCEPTABLE UNQTE IN VIEW OF (A) SECRETARY KISSINGER'S REMARKS AT 1974 WASHINGTON ENERGY CONFERENCE, (B) ARTICLE IV
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ROME 12765 061059Z

OF THE NUCLEAR NONPROLIFERATION TREATY-NPT (MIGLIUOLO EMPHASIZED THAT MAJOR ITALIAN OBJECTIVE IN RATIFYING THE TREATY HAD BEEN POSSIBILITY OF ACQUIRING NUCLEAR TECHNOLOGY FOR PEACEFUL USES), AND (C) MOST RECENTLY SECRETARY KISSINGER'S JULY 21, 1976 OECD SPEECH. MIGLIUOLO REQUESTED RECONCILIATION OF THESE COMMITMENTS TO SHARE ENERGY-RELATED TECHNOLOGY WITH ERDA RELUCTANCE TO SHARE TECHNOLOGY IN REPROCESSING AND ENRICHMENT FIELD WITH GOI. MORE SPECIFICALLY, MIGLIUOLO

ASKED FOR CLARIFICATION OF THE WORDING REGARDING:

(A) BRIEFING ON US REPROCESSING POLICY. MIGLIUOLO ASKED IF THIS INDICATED EVENTUAL US WILLINGNESS TO DISCUSS SUBSTANTIVE REPROCESSING TECHNOLOGY; OTHERWISE, THERE WAS LITTLE APPARENT NEED TO BE BRIEFED.

(B) ALLIED GENERAL NUCLEAR SERVICES (AGNS) VISIT. IN VIEW OF LONG-EXPRESSED GOI INTEREST IN VISITING AGNS PLANT AND LIST OF SPECIFIC AREAS OF INTEREST (PER ITALIAN MEMORANDUM TRANSMITTED 6/24/76) WHICH CONSTITUTED FURTHER CONCRETE EXPRESSION OF INTEREST, REQUESTED CLARIFICATION WORDING THAT QTE ERDA IS WILLING TO ATTEMPT TO ARRANGE UNQTE AGNS VISIT. MIGLIUOLO STATED THAT HE HAD EXPECTED MORE DEFINITE PROPOSAL, INCLUDING SPECIFIC PROPOSED DATE FOR THE VISIT.

(C) SAVANNAH RIVER. MIGLIUOLO STATED THAT BOTH UTILITY AND RATIONALE FOR SAVANNAH RIVER PLANT VISIT HAD BEEN MADE ABUNDANTLY CLEAR IN PREVIOUS COI SUBMISSIONS; HE EXPRESSED HOPE THAT VISIT COULD BE ARRANGED IN NEAR FUTURE.

4. MIGLIUOLO REFERRED TO PRIOR DISCUSSIONS ON PROVISION OF SPECIFICATIONS FOR URANIUM ENRICHMENT TECHNOLOGY AND ASKED WHEN GOI COULD EXPECT TO RECEIVE INFORMATION FOR TRANSMITTAL TO POTENTIALLY-INTERESTED ITALIAN FIRMS.

5. MIGLIUOLO DID NOT MAKE SPECIFIC PROPOSAL RE PARAS 3 AND 4, REF (B) ON WASTE MANAGEMENT AND NRC LICENSING. HE WOULD PREFER CLARIFICATION OF REPROCESSING ISSUE FIRST.

6. AS ON PRIOR OCCASIONS, MIGLIUOLO ASKED THAT USG RESPONSE BE CONSIDERED IN WIDEST POSSIBLE CONTEXT OF US-ITALY BILATERAL RELATIONS AND US MULTILATERAL AND BILATERAL ENERGY

CONFIDENTIAL

PAGE 04 ROME 12765 061059Z

POLICY. HE REQUESTED UNDERSTANDING OF ITALIAN SITUATION, PARTICULARLY CONTINUING VULNERABILITY TO OPEC OIL-PRODUCING NATIONS AND ECONOMIC/POLITICAL SITUATION WHICH MADE IT UNLIKELY THAT ITALY WOULD HAVE SUFFICIENT RESOURCES TO MOUNT AN EFFECTIVE ALTERNATIVE ENERGY PROGRAM IN THE ABSENCE OF CONCRETE COOPERATION FROM OTHER OIL CONSUMER COUNTRIES. MIGLIUOLO FURTHER NOTED THAT ITALIAN DISILLUSTIONMENT WITH POSSIBILITIES OF OIL-CONSUMING COUNTRY COLLABORATION COULD LEAD TO ITALY'S MAINTAINING GREATER EMPHASIS ON GOOD RELATIONS WITH OIL-PRODUCING COUNTRIES. MIGLIUOLO EXPECTED THESE CONSIDERATIONS WOULD RECEIVE FULL AIRING AT UPCOMING PARLIAMENTARY DEBATE ON RATIFICATION OF INTERNATIONAL ENERGY PROGRAM (IEP) AND ITALIAN NUCLEAR PROGRAM. MIGLIUOLO EXPRESSED CONFIDENCE THAT GOI WOULD RATIFY IEP. VOLPE

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